



October 18, 2011

Marlene Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Connect America Fund, WC Docket, No. 10-90, National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92*

To the Commission:

TCA hereby files this letter in the above-captioned dockets. TCA is a national consulting firm that performs financial, regulatory and marketing services for over one-hundred rural LECs and their affiliates. The vast majority of TCA clients are rate of return regulated in the interstate jurisdiction and offer traditional voice and broadband services to their customers. Because of their sparsely-populated high-cost service areas, they are heavily dependent upon federal and state high-cost support and access revenues. TCA has filed comments on specific Commission proposals and provided analytical support to several rural telecommunications providers and trade associations participating in the proceeding, and remains deeply interested in the outcome of the above-captioned proceedings. Toward that end, TCA was encouraged by the Consensus Framework created by rural, mid-size, and large carriers that could serve as the basis for sensible, measured, and carefully calibrated USF and inter-carrier compensation (ICC) reforms.

TCA, however, is now gravely concerned that reported amendments to – or wholesale departures from – the Consensus Framework will wreak damaging impacts on incentives to deploy and maintain broadband networks in rural service areas. If the reported potential amendments are adopted, it is the opinion of TCA that investor discouragement will continue, if not increase, leading to depressed investment and resultant negative trends on broadband deployment Nationwide. These adverse repercussions will be visited not only upon rural telecommunications providers, but also upon consumers, as well as TCA and similarly-situated entities that provide services to the telecommunications markets. More importantly, rural customers in rate of return areas may be left behind the broadband revolution if the Commission only adopts near-term policies that merely reduce the amount of funding or adopts “incentive” regulatory regimes that have been proven to fail to incent broadband deployment in rural areas. The Commission should not rely on unproven methods for deploying broadband in rate-of-return areas, but should instead, adopt the RLEC portion of the Consensus Framework. Additionally, the Commission should ensure that any rules provide a plan for implementing long-term policies to incent broadband to rural areas served by rate-of-return providers. The RLEC portion of the Consensus Framework provides forward-looking proposals that will incent broadband in these areas in the long-term

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and there has already been three opportunities for the public to comment on the RLEC Plan, providing ample opportunity for the entire telecommunications industry to provide input.

In these regards, it is particularly important that the Commission refrain from adopting rules that affect investments retroactively. Doing so will shatter market confidence in the industry and devastate market trust in the regulatory process: investors will view regulatory structures as shifting, unstable, and unpredictable if retroactively applicable rules are adopted. No rational investor will direct capital to projects whose ability to recover costs and generate income is subject to retroactive fiat.

Moreover, the Commission must position USF affirmatively for the future. The Commission must avoid the temptation to bandage existing programs, leaving true reform for an undetermined future time. That approach would simply extend market overhang and threaten debilitating market uncertainty for rural telecommunications, rural America, and interdependent economic communities. If the Commission is not ready to adopt fully the RLEC portion of the Consensus Framework at this time, then it should, at the least, incorporate it as the primary path forward for reform in upcoming notices of proposed rulemaking.

For the reasons stated above, we urge the Commission to foster market certainty and avoid outcomes that will depress investor confidence and the resultant ability of rural telecommunications providers to deploy, maintain, and operate advanced networks. The Commission encouraged successfully the groundbreaking Consensus Framework, and yet appears to be departing in material respects from it. The Commission should proceed with caution in light of the broader ripple effects of reform throughout the economy, and should look above all else to ensure that reform does not undermine broadband deployment, investor and lender confidence, or the needs of consumers. The Commission should look back to the sensible and carefully constructed roadmap for reform set forth in the Consensus Framework in the closing days of its reform process.

Respectfully submitted,



John Balk
President